

### REMARKS

Claims 1 to 16 are pending in the application, of which Claims 1 and 11 are the independent claims. Favorable reconsideration and further examination are respectfully requested.

Initially, Figure 2A was objected to by the Examiner because "interface, 27" should be labeled "interface, 21" as in the specification. Figure 2A has been changed accordingly. In addition, the Figures include references 13 and 47 which were not mentioned in the specification. Reference 47 has been removed from Figure 3A. The specification has been amended to add reference 13. Applicant submits herewith proposed drawing corrections, which include changes in red. Approval of these drawing corrections is respectfully requested.

The application was objected to on page 4 line 2 for containing an extraneous word "a." This word has been removed to add clarity. In addition, the application was objected to for not containing the serial numbers on page 11, line 27 of a copending application. Accordingly, the serial number and the file date of the copending application was added to the specification.

Claim 6 was objected to for not being dependent on a proper claim. Claim 6 has been amended to depend on Claim 5. Accordingly, withdrawal of the objection to claim 1 is respectfully requested.

Turning to the art rejection, Claims 1 to 16 were rejected under 35 U.S.C. § 103(a) over "Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Locked and Crossed markets that Occur at or Prior to the Market's Open" in the June 10, 1999 Federal Register (Vol. 64 No. 111) ("Federal Register").

Applicants respectfully traverse this rejection. The Examiner acknowledges that the Federal Register reference does not disclose the step of "formatting the quote as a market liability order." However, the Examiner indicates the Federal Register also discloses placing an order, and therefore, "formatting the quote as a market liability order" would be obvious to one skilled in the art. To the contrary, the Federal Register describes sending a Trade-or-Move Message if the market is locked or crossed, but the Federal Register does not teach or suggest

Applicant : Stuart Serkin et al.  
Serial No. : 09/401,892  
Filed : September 23, 1999  
Page : 7

Attorney's Docket No.: 09857-031001

“formatting the quote as a market liability order and routing the order to a market participant whose quote was locked or crossed.” Applicants submit that the reference neither describes or suggests the invention.

In view of the foregoing amendments and remarks, the entire application is believed to be in condition for allowance and such action is respectfully requested at the Examiner's earliest convenience.

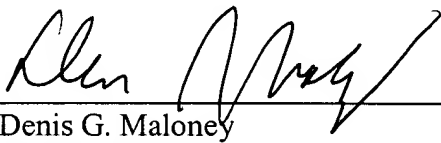
All correspondence should be directed to the undersigned at the address shown below. Applicants' undersigned attorney can be reached by telephone at the number shown below. Applicants' attorney requests that the spelling of his first name on all USPTO correspondence be corrected to reflect the undersigned name.

Attached is a marked-up version of the changes being made by the current amendment.

Applicant asks that all claims be allowed. Enclosed is a \$110 check for the Petition for a One-Month Extension of Time fee. Please apply any other charges or credits to Deposit Account No. 06-1050.

Respectfully submitted,

Date: 10/25/02

  
\_\_\_\_\_  
Denis G. Maloney  
Reg. No. 29,670

Fish & Richardson P.C.  
225 Franklin Street  
Boston, Massachusetts 02110-2804  
Telephone: (617) 542-5070  
Facsimile: (617) 542-8906

**Version with markings to show changes made**

**In the specification:**

The paragraph beginning at page 3, line 6 was amended as follows:

--Referring to FIG. 1, an electronic market 10 is shown. The electronic market 10 includes client systems 12 that access a central quote/order collector facility 20. The client systems 12 can be broker/dealer systems 12a, electronic communication networks (ECN's) 12b, market-maker(s) [marker] system(s) 12c, and other exchanges 12d. The connections can use existing Nasdaq<sup>®</sup> protocols such as SelectNet<sup>®</sup>, Small Order Execution System<sup>®</sup> (SOES<sup>®</sup>), and so forth. The client systems 12 include a processor, memory and a storage device, e.g., a client workstation or personal computer (all not shown) that can include a client process to enter quotes/orders into the electronic market system. The quote/order collector facility 20 causes the order execution or order delivery systems (e.g., SOES<sup>®</sup> and SelectNet<sup>®</sup>) to deliver executions or orders to a market 13 that is coupled to a clearing system 16 and a reporting system 18. It also causes delivery of executions or routing of orders to the ECN's 12c, depending on the status of the ECN, and routing of orders to other markets and exchanges 12d. The quote/order collector facility 20 is comprised of one or preferably a plurality of server computers generally denoted as 22 including a processor 22a, main memory 22b and storage 22c. The storage system 22c includes quote/order collector process 25 that is executed in memory 22b. In general, server 22 is a complex computer server, the details of which are not important to an understanding of the present invention. --

The paragraph beginning at page 3, line 30 was amended as follows:

--The quote/order collector facility [25] (OCF) 20 collects pre-trade information in the form of quotes or orders. The distinction between a quote and an order depends on several factors. For example, each [a] market maker can send a proprietary quote i.e., a quote that represents its own trading interest or an agency quote that represents trading interest of a sponsored entity. If one proprietary quote is sent it could be considered one order. If one agency quote is sent it also could be considered one order. If an agency quote reflects an aggregation of

more than one agency order, however, the aggregate agency order could be considered a quote. Entering quotes are limited to registered market makers 12b and ECNs 12c and possible UTP Exchanges 12d. For any given stock, a registered market maker or ECN may directly enter a non-marketable order i.e., quote into the [system] quote/order collector facility (OCF) 20 on behalf of its customer account, or it may sponsor the direct entry of an order by its customer. All sponsored, quotes are sent to the quote/order collector facility 20 under the name of the sponsoring market maker or ECN. Every registered market maker or ECN will be permitted to submit an unlimited number of non-marketable quotes to the system 20.--

The paragraph beginning at page 5, line 5 was replaced with following rewritten paragraph:

--The current quote montage 204 of the window 200 without agency quotes is similar to the long existing Nasdaq display montage, whereas the current quote montage 204 with the agency quotes as depicted in FIG. 9 is similar to that shown in U.S. Patent Application Serial No. 09/208,942, filed on December 12, 1998 entitled "DUAL QUOTE MARKET SYSTEM" (pending) by Richard G. Ketchum et al. and assigned in part to the assignee of the present invention.--

The paragraph beginning at page 5, line 26 was amended as follows:

--The order quote collector facility 20 also includes an interface 21 that couples the order collector facility 20 to a plurality of order delivery systems. For example, the interface 21 can couple the order quote collector facility 20 to an order execution system, e.g., the Small Order Execution System<sup>®</sup> (SOES<sup>®</sup>) and to a negotiation system, e.g., SelectNet<sup>®</sup>. The interface 21 would provide access to information contained in order flow delivered via the delivery systems to a quote/order collection process 25 described in conjunction with FIG. 2B. In general, the electrical and logical functions which comprise the interface 21 can be similar to the ones currently existing in the SOES<sup>®</sup>/SelectNet<sup>®</sup> systems. The interface 21 or the process 25 would extract information from the quotes and make that information available to the quote order collector process 25. The quote/order collector process 25 extracts information and process

orders in a unified manner to allow the order collector [system] facility 20 to be a unifying point of collection of all orders which are sent to the market 10.--

The paragraph beginning at page 6, line 18 was amended as follows:

--Referring to FIG. 2B, the quote/order collector process ("OCP") 25 is shown. The quote/order collector process 25 provides transmission of multiple orders or quotes at multiple price levels by Quoting Market Participants to a quotation manager 26a. The quote/order manager 26a that provides a unified point of entry of quotes and orders from disparate delivery systems into the quote/order collector facility 20 to access quotes/orders displayed (as either attributable or non-attributable) in both the aggregate montage and current quote montage. The quote/order manager 26a manages multiple quotes/orders and quotes/orders at multiple price levels and uses a montage manager 26b to display (either in the Aggregate montage or in the current quote montage) the orders/quotes consistent with an order's/quote's parameters. The order collector process 25 also includes an internal execution process manager 26c to match off executions for quoting market participants at the best bid/offer. The order collector system 20 also includes an order routing/execution manager 26d provides a single point delivery of executions or routing of orders, which substantially eliminates potential for dual liability. That is, order collector process 25 will maintain the order routing and executions functionality available in the SOES<sup>®</sup> and SelectNet<sup>®</sup> systems. The order collector process 25 also includes a quote update manager 26e, a lock/cross [quote] manager 26f, and an odd lot execution manager 26g.--

The paragraph beginning at page 7, line 21 was amended as follows:

--The order entry process 25 determines 43 whether the received quote/order corresponds to a reserve quote. If the quote does not corresponds to a reserve quote then the quote is a displayable quote that is attributable or non-attributable. The order entry process 25 compares 44 the received quotes/orders to existing quotes/orders to determine 46 whether the price of quotes/orders fall in existing quote/order price levels 47. Any number of quote/order price levels can be accommodated although in this example, only three price levels will be displayable in the non-attributable i.e., aggregate montage. If the quote price is in a displayable price level it is a displayable quote eligible for automated execution. The order collector system 20 can be

provided with more price level depth than the three levels, e.g., a depth of 20-25 levels although only a limited number, e.g., three would be displayed at any one time.--

The paragraph beginning at page 10, line 20 was amended as follows:

--For example, if MMA sends system 20 all of its quotes/orders and is at the best bid of \$20 showing 4,000 shares (attributable and non-attributable), and the MMA sends OCP [OCF] 25 a 1,000 share market sell order from one its customers, OCP [OCR] 25 will examine 67a the identification of the order and if it matches the identification of the market participant who is at the best bid or offer for that security, the OCP 25 will execute 67b the order against the participant's own quote, thus matching off the order on behalf of the participant. The OCP 25 can call 67c a "request a cancel" function where a Quoting Market Participant can request cancellation of an order from system 20 before the order is actually executed. The request to cancel feature, along with the ability to leave orders with [system] OCF 20, will benefit ECNs by allowing them to participate in automatic execution and the internalized execution process 67 described above while minimizing the potential for double liability or taking on a proprietary position.--

The paragraph beginning at page 11, line 25 was replaced with following rewritten paragraph:

--SOES® and SelectNet® are configured to minimize the potential for dual liability, as described in copending patent application Serial No. 09/404,517 filed 9/23/1999 entitled DELIVERY SYSTEM FOR ORDERS IN AN ELECTRONIC MARKET which is incorporated herein by reference. In that application, to minimize the potential for dual liability (e.g., receipt of a Liability Order followed immediately by the delivery of an execution against a market maker's quote), the SelectNet® system is configured so that only a non-Liability Order could be delivered to those market participants who participate and are subject to automatic execution. To send a Liability Order to a market maker, a market participant would use the system to route the order to the next market maker in a queue. Market participants would still use SelectNet® to access quotes of ECNs that do not participate in SOES□ and to direct non-Liability Orders to a particular market maker. The SOES system is also reconfigured to an automated facility for the

Applicant : Stuart Serkin et al.  
Serial No. : 09/401,892  
Filed : September 23, 1999  
Page : 12

Attorney's Docket No.: 09857-031001

handling of all market traded orders of less than a predetermined number of shares, e.g., 9,900 shares. The orders can be entered for execution against an expanded trading interest accessible through both displayed (and reserve size quotes described below).--

In the claims:

Claim 6 has been amended as follows:

-- The method of claim [3]5 further comprising executing the formatted order against the quote at the side of the market that would have been crossed. --